

WARNING-UNAPPROVED MINUTES

These minutes have not been reviewed or accepted by the RISLA Board of Directors. This draft is being supplied in order to be in compliance with the State Open Meetings Law. Board approved minutes will be submitted when available.

The 261st meeting of the Rhode Island Student Loan Authority was held on **Tuesday, October 28, 2008** in the 2nd floor Conference Room, 560 Jefferson Boulevard, Warwick, Rhode Island. Dr. Anthony Santoro called the meeting to order at 12:25 P.M..

Board Members in attendance:

Dr. Anthony Santoro
Dr. William Croasdale
Dr. Robert McKenna
Mr. John Howell
Mr. Xay Khamasyvoravong, Treasurer's Office

Board Members absent:

Ms. Patti Doyle

Others in attendance:

Mr. Charles P. Kelley, Executive Director, RISLA
Mr. Noel Simpson, RISLA
Mr. Joseph Palumbo, Attorney
Mr. Kevan McAleer, RISLA
Mr. David Souto, RISLA
Ms. Gail Walker, RISLA
Mr. Greg Silvia, RIHEAA

Dr. Santoro opened the meeting at 12:45PM.

Item #1: Minutes approval

Dr. Santoro stated that there were no minutes to approve. Mr. Palumbo stated that his office would make them available for the next meeting.

Item #2: Chairman's Report

Dr. Santoro commended the staff for a job well done at the College Planning Center's 10th anniversary celebration on October 21st.

Item #3: Executive Director's Report

Mr. Kelley mentioned that he has been in Boston at a seminar about the current financial crisis. Information from a study done by the Treasury department shows that 16% of current college dropouts are because of financial reasons, and 4% are for academic reasons. Mr. Kelley also thanked the Board and the RISLA staff for making the College Planning Center's 10th anniversary event so successful.

Item #4: *Passage of HR 6889*

Mr. Kelley stated that Congress has passed this bill, which is good news for college students. This will allow RISLA a backup to borrow from the Department of Education at commercial paper plus 50BPS. RISLA will be able to go out in the winter and let people know we have funding for the 09/10 academic year.

Item #5: *Financial Markets Update*

Mr. Kelley stated that the financial markets are still frozen. RISLA is in constant contact with both State Street and Dexia about outstanding bond issues. They are sitting at the ready until the market improves, which is just a waiting game. Mr. Kelley stated that this “defies predications”.

Mr. Kelley asked everyone to refer to the handout in the Board packets marked #5. On page 16, there are two pie charts. ARS (auction rate securities) market on the right – once we get the Dexia deal done, how do we handle ARS? We are not in warehouse financing.

On page 20, the FRNs (floating rate notes) shows that to sell bonds in the future, you will have to pay the spread over LIBOR. This is quite high right now, and the spread does NOT go down over time, so this is uneconomical, and you need to be close to \$1 billion per year in transactions to qualify.

On page 25, the Panhandle Plains transaction was pulled, could not sell it. We do not currently have a SWAP policy. The only market available is fixed rate bond market – our return is variable. At the next meeting we should discuss the SWAP and Investment policies. Dr. Santoro asked if RISLA currently has any SWAPs, and Mr. Kelley said no. Mr. Kelley stated that a SWAP cannot be done without Board approval.

Item #6: *Employee Healthcare Plan Analysis*

Mr. McAleer stated that the current RISLA health plan (Blue Cross) expires on 12/31/08, with a 1/1/09 renewal date. Currently, RISLA pays Blue Cross directly, and has a broker for E&O. Mr. McAleer stated that in his opinion a broker will not save us any money. Dr. Croasdale asked if it would be cheaper to get insurance through the state and Mr. Palumbo stated that he was not certain that we would be eligible to participate as part of the state. Mr. Kelley stated that we are not health insurance experts and we will need some help on this. Mr. McAleer stated that he has consulted with several people and groups about getting information to go forward. TUFTS will be providing a rate on November 1st, and we can do a side by side comparison. Mr. McAleer stated that it would cost approximately \$2000 - \$2500 for an outside consultant to give us a comparison of plans. Xay mentioned that a good contact would be Dan Meuse in the Lt. Governor’s office, and Mr. Kelley stated that Maureen G would also be a good contact.

ON MOTION duly made by Mr. Howell and seconded by Dr. Croasdale, it was unanimously

VOTED to authorize the hiring of a consultant to obtain information about health and dental plans for RISLA.

Item #7: *College Planning Center 10 year anniversary & guidance counselor event*

Spoken to earlier.

Item #8: Purchasing Rehabilitated Loans from RIHEAA

Mr. Kelley stated that he wanted to make the Board aware that in the past RISLA has purchased loans from RIHEAA. The default rate on these loans is very high, and both Dexia and State Street have stated that they do not want to see us doing these. Mr. Simpson has spoken to Marc LaCroix at RIHEAA about discontinuing this practice. We recognize that this is a big source of income for RIHEAA, but our hands are tied on this issue – it's a national issue. Dr. Santoro stated that Mr. Hurry has told him that he'll be traveling to Chicago next week to address this issue. He also stated that RISLA has been very, very generous to RIHEAA buying these loans at PAR. This is going to be a major issue for both agencies.

ON MOTION duly made by Dr. Croasdale and seconded by Dr. McKenna, it was unanimously

VOTED to adjourn.

Adjournment occurred at 1:05 P.M.

John Howell

Secretary